

CHARTING YOUR COURSE



THE STATE OF MAINE DEFERRED COMPENSATION PLAN NEWSLETTER

May 2003

Exploring a sea of possibilities. The current trend in retirement plans is toward offering employees the broadest possible range of investment options. Self-Directed Brokerage Accounts — SDBAs — are a popular way to provide employees with a wide variety of choices. In this issue of *Charting Your Course*, we are pleased to announce that SDBAs are now available to participants in the State of Maine Deferred Compensation Plan. Read on to learn more about this exciting new option.

WHAT'S IN THIS ISSUE

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Cast Your Net For Savings



NEW INVESTMENT HORIZONS

More than ever, today's employees are involved in planning for and financing their retirement. For some employees, this increased involvement means a desire for expanded choices when investing their employer-sponsored retirement plan account balances. In view of this trend, we are pleased to announce that Plan participants may now open a Self-Directed Brokerage Account through the State of Maine Deferred Compensation Plan.

What is a Self-Directed Brokerage Account?

In general, a SDBA is an investment option in an employer-sponsored savings plan that allows participants to invest plan assets in a brokerage account. Through this account, you can direct your Plan assets to mutual funds that are not offered as part of the Plan's main investment options. The State limits the portion of your account balance that may be invested in an SDBA to a maximum of 50% of your Plan assets.

Is an SDBA a Good Choice for You?

SDBAs are generally recommended for experienced, sophisticated investors who are willing to research the extensive offerings, devote time to monitoring their choices, and pay more for the specific investment options they want.

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It's important to note that assets invested in the SDBA are still a part of the State of Maine Deferred Compensation Plan, and as such, are subject to the distribution provisions of the Plan and the Internal Revenue Service. Distributions from the Plan are permitted only if you end your employment with the State, you qualify for an Unforeseeable Emergency Withdrawal (as defined in the Internal Revenue Code), or you die.

INVESTMENT FUND DETAILS

IMPORTANT NOTE: The information presented here is not intended as investment advice. Its purpose is to help you understand the investment options available through the State of Maine Deferred Compensation Plan. Your financial strategy and investment choices are entirely your own and should reflect your personal needs and circumstances. State of Maine personnel, by federal law, cannot provide investment advice. For more information, you may want to consult with a professional financial advisor. The investment information shown is current as of March 31, 2003.

Results are historical and not intended to portray future performance. Current performance may be less than figures shown.

Please note that investment benchmarks (shown in the blue bars) may differ from the benchmarks provided in the funds' prospectuses.

THE HARTFORD								
		Return on Investments (net of expenses)				Operating Expenses		
		Rates of Return as of March 31, 2003						
Level of Risk	Investment Options	Quarter to Date	Year to Date	Annualized		Management Fees	Other Expenses	Total Expenses
				3 Years	5 Years			
Low	Hartford Life Fixed Account	*	*	*	*	N/A	N/A	N/A
	Hartford Bond HLS	2.46%	2.46%	9.75%	6.95%	0.51%	0.45%	0.96%
	Lehman Aggregate Index	1.39	1.39	9.81	7.51			
Medium	Hartford Advisers HLS	-2.42	-2.42	-8.68	-0.84	0.66	0.75	1.41
	Janus Balanced	-1.02	-1.02	-6.84	4.10	0.87	0.75	1.62
	50% S&P 500 + 50% LB Agg	-0.88	-0.88	-3.25	2.43			
	Hartford Dividend & Growth HLS	-5.71	-5.71	-5.74	-1.83	0.68	0.75	1.43
	Russell 1000 Value	-4.86	-4.86	-6.86	-2.03			
High	Hartford Index HLS	-3.43	-3.43	-17.09	-4.91	0.43	0.75	1.18
	Hartford Stock HLS	-4.31	-4.31	-17.37	-4.53	0.49	0.75	1.24
	MFS Capital Opportunities	-4.57	-4.57	-26.25	-6.11	1.18	0.75	1.93
	Hartford Capital Appreciation HLS	-4.40	-4.40	-11.89	1.90	0.68	0.75	1.43
	S&P 500 Index	-3.15	-3.15	-16.09	-3.77			
	Invesco Technology	-1.87	-1.87	-44.69	-9.74	1.37	0.75	2.12
	S&P Technology Index	-0.39	-0.39	-37.81	-6.48			
	Janus Twenty	-0.70	-0.70	-30.54	-3.43	0.84	0.75	1.59
	Dreyfus Premier Third Century	-2.90	-2.90	-24.16	N/A	1.18	0.75	1.93
	MFS Mass Inv. Growth A	-2.02	-2.02	-24.02	-5.20	0.94	0.75	1.69
	Russell 1000 Growth	-1.07	-1.07	-25.64	-6.71			
	Hartford Mid Cap HLS	-1.79	-1.79	-6.74	10.78	0.70	0.75	1.45
	Russell Mid Cap Growth Index	-2.36	-2.36	-8.76	-0.36			
	Franklin Small-Mid Cap Growth	-2.60	-2.60	-24.90	-3.40	0.89	0.75	1.64
	Russell 2500 Growth Index	-3.20	-3.20	-23.60	-5.83			
	American Century International Growth	-9.26	-9.26	-24.67	-6.10	1.21	0.75	1.96
	MSCI-EAFE Index	-8.13	-8.13	-19.30	-6.87			
	Janus Worldwide	-8.54	-8.54	-27.57	-5.74	0.87	0.75	1.62
	MSCI-World Index	-4.94	-4.94	-18.07	-5.34			

* Fixed Accounts provide a specified rate of return. For current rates, along with an explanation of how they are determined, contact your financial services organization.

ING FINANCIAL ADVISERS, LLC								
		Return on Investments (net of expenses)				Operating Expenses		
		Rates of Return as of March 31, 2003						
		Level of Risk	Investment Options	Quarter to Date	Year to Date	Annualized		Management Fees
				3 Years	5 Years			
Low	ING Fixed Account	*	*	*	*	N/A	N/A	N/A
	ING Bond	1.94%	1.94%	8.63%	6.31%	0.50%	0.51%	1.01%
	Lehman Aggregate Index	1.39	1.39	9.81	7.51			
Medium	Janus Aspen Balanced	-1.01	-1.01	-6.65	4.99	0.66	0.75	1.41
	50% S&P 500 + 50% LB Agg	-0.88	-0.88	-3.25	2.43			
	ING Balanced	-1.21	-1.21	-7.62	-0.01	0.59	0.75	1.34
	Calvert Social Inv. Balanced	-1.25	-1.25	-9.42	-1.98	0.88	0.75	1.63
	60% S&P 500 + 40% LB Agg	-1.33	-1.33	-5.84	1.28			
	Fidelity VIP Equity Income	-6.45	-6.45	-6.98	-3.77	0.58	0.75	1.33
	Russell 3000 Value Index	-4.88	-4.88	-6.10	-1.94			
High	ING Value Opportunity	-3.86	-3.86	-12.57	-2.23	0.71	0.75	1.46
	ING Index + Large Cap	-3.40	-3.40	-17.30	-3.89	0.45	0.75	1.20
	S&P 500 Index	-3.15	-3.15	-16.09	-3.77			
	ING Growth	2.15	2.15	-25.53	-6.40	0.70	0.75	1.45
	Janus Aspen Growth	-2.30	-2.30	-25.37	-5.07	0.66	0.75	1.41
	Fidelity VIP Growth	-3.03	-3.03	-23.50	-4.01	0.68	0.75	1.43
	Russell 1000 Growth Index	-1.07	-1.07	-25.64	-6.71			
	ING Index + Mid Cap	-4.14	-4.14	-5.30	4.85	0.55	0.75	1.30
	S&P 400 Index	-4.43	-4.43	-5.39	3.27			
	Janus Aspen Aggressive Growth	-0.25	-0.25	-35.88	-5.01	0.67	0.75	1.42
	Russell Mid Cap Growth	-2.36	-2.36	-8.76	-0.36			
	ING Small Cap Opportunity	-4.87	-4.87	-30.98	0.04	0.90	0.75	1.65
	Russell 2000 Growth Index	-3.88	-3.88	-24.41	-9.38			
	ING Small Company	-4.88	-4.88	-14.74	-1.92	0.86	0.75	1.61
	Russell 2000 Index	-4.49	-4.49	-11.00	-4.12			
	ING International	-9.34	-9.34	-29.31	-9.78	1.15	0.75	1.90
	MSCI-EAFE Index	-8.13	-8.13	-19.30	-6.87			
	Janus Aspen Worldwide	-8.34	-8.34	-26.73	-4.90	0.69	0.75	1.44
	MSCI-World Index	-4.94	-4.94	-18.07	-5.34			

VALIC RETIREMENT SERVICES COMPANY								
		Return on Investments (net of expenses)				Operating Expenses		
		Rates of Return as of March 31, 2003						
Level of Risk	Investment Options	Quarter to Date	Year to Date	Annualized		Management Fees	Other Expenses	Total Expenses
				3 Years	5 Years			
Low	VALIC Fixed-Interest Account	*	*	*	*	N/A	N/A	N/A
	Vanguard Long Term Bond Index	1.75%	1.75%	11.06%	7.95%	0.21%	0.42%	0.63%
	Lehman LT Gov./Credit Index	2.08	2.08	11.42	8.25			
	Vanguard Intermediate-Term Corporate Bond	1.87	1.87	9.67	6.96	0.21	0.42	0.63
	Lehman Credit Index	2.40	2.40	10.46	7.46			
Medium	Munder Balanced A	-1.16	-1.16	-7.42	2.89	1.31	0.42	1.73
	American Funds American Balanced A	-2.54	-2.54	3.98	3.90	0.69	0.42	1.12
	60% S&P 500 + 40% LB Agg	-1.33	-1.33	-5.84	1.28			
	American Funds Investment Co. of America A	-4.54	-4.54	-8.29	0.40	0.56	0.42	0.98
	MFS Value A	-6.36	-6.36	-1.89	1.53	1.21	0.42	1.63
	Russell 1000 Value Index	-4.86	-4.86	-6.86	-2.03			
High	Pioneer A	-6.10	-6.10	-13.72	-2.99	1.11	0.42	1.53
	Dreyfus S&P 500 Index	-3.35	-3.35	-16.89	-4.68	0.50	0.42	0.92
	Calvert Social Inv. Equity	-4.39	-4.39	-6.68	1.84	1.24	0.42	1.66
	S&P 500 Index	-3.15	-3.15	-16.09	-3.77			
	Oppenheimer Capital Appreciation A	-3.42	-3.42	-19.09	-1.21	1.03	0.42	1.45
	MFS Mass Inv. Growth A	-1.95	-1.95	-23.80	-4.89	0.94	0.42	1.36
	Russell 1000 Growth Index	-1.07	-1.07	-25.64	-6.71			
	Invesco Technology Inv.	-1.80	-1.80	-44.55	-9.46	1.37	0.42	1.79
	S&P Technology Index	-0.39	-0.39	-37.81	-6.48			
	Invesco Dynamics Inv.	-0.95	-0.95	-29.41	-5.93	1.21	0.42	1.63
	Russell Mid Cap Growth	-2.36	-2.36	-8.76	-0.36			
	Neuberger Berman Genesis Trust	-3.49	-3.49	7.65	4.72	1.15	0.42	1.57
	Russell 2000 Value Index	-5.08	-5.08	4.29	0.03			
	Putnam International Growth A	-8.89	-8.89	-19.95	-2.43	1.13	0.42	1.55
	MSCI-EAFE Index	-8.13	-8.13	-19.30	-6.87			
	Oppenheimer Global A	-8.00	-8.00	-17.07	0.61	1.12	0.42	1.54
	MSCI-World Index	-4.94	-4.94	-18.07	-5.34			

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If there are specific mutual funds you would like to invest in, and they are not offered by your financial services organization through the Plan, you may want to consider opening an SDBA. But, keep in mind that the Plan's investment offerings already provide a wide range of investment options. And, these core offerings provide you with sufficient opportunity to diversify your portfolio of retirement savings.

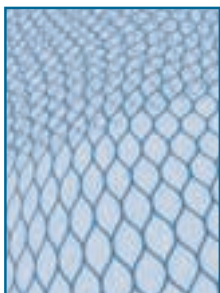
In addition, the fund offerings in the Plan are managed by professionals who monitor and analyze the performance of the underlying securities, to ensure that they meet the State's investment policy.

Another consideration is that the SDBA has higher fees than the other options offered through the Plan. If you choose to open an SDBA, there is a \$50 annual maintenance fee, and other fees may apply.

For More Information....

If you would like to learn more about SDBAs, or if you would like to open an SDBA, please contact your financial services organization. You may transfer up to 50% of your current Plan account balance into the SDBA.

If you open an SDBA, be sure to carefully review your overall investment strategy to ensure that you have adequately diversified your assets.



CAST YOUR NET FOR SAVINGS

Realizing your retirement dreams takes planning — and knowledge. To help provide you with the information you need to take full advantage of the State of Maine Deferred Compensation Plan, employee meetings will be held this spring.

In addition to general Plan information, representatives from the financial services organizations will be available to answer any questions you may have about SDBAs, or the other investment options available through the Plan.

So, if you want to maximize your savings opportunities, plan on attending a meeting near your location.

If you have any questions about the information in this newsletter, please contact your financial services organization representative or Terry Meehan at the State's Bureau of Accounts and Control at 207-626-8457. You can also visit the State's Deferred Compensation Plan website at <http://www.state.me.us/bac/NewSite/DeferredComp/index.htm>.

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